

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
Wednesday, January 29, 2003, 2:00 p.m.
Room 131 State Capitol

Members Present: Sen. David H. Steele, Committee Co-Chair
Rep. Jack A. Seitz, Committee Co-Chair
Sen. Paula Julander
Rep. J. Stuart Adams
Rep. Calvin G. Bird
Rep. David Litvack
Rep. Rebecca Lockhart
Rep. Roz McGee
Rep. Mike Thompson

Members Excused: Sen. Leonard Blackham

Staff Present: Spencer C. Pratt, Legislative Fiscal Analyst
Thor Nilsen, Legislative Fiscal Analyst
Norda Shepard, Secretary

Public Speakers Present: Robin Arnold-Williams, Executive Director, Department of Human Services
Mark Ward, Deputy Director, Department of Human Services
Bart Hopkin, Director, Office of Administrative Support
Helen Goddard, Director, Division of Aging and Adult Services
Jack Tanner, Utah Behavioral Healthcare Network, Inc.
Carman Sanone, Salt Lake County Aging Services
Win Nelson, Youth Services Division, Salt Lake County
Gary Baker, Executive Director, Carson Counseling Center

List of Visitors on File

Meeting was called to order by Co-Chair Steele at 2:10 p.m.

Co-Chair Steele announced that since this room has the same capacity as the room upstairs, there would be no room change for the committee during this session. He explained that committee meetings can be heard over the web. He also announced that listening devices are available for those with hearing needs.

Robin Arnold-Williams, Executive Director, Department of Human Services, distributed the FY 2004 Budget Hearing packet for the Department. She explained that the summary of budget balancing reductions for FY 2002 and FY 2003, shown on the blue sheet of the packet, are separated into General Fund, one-time funds, and where there have been corresponding federal fund reductions. It also gives the estimated impact of these reductions. It does not include reductions that were made in the Sixth Special Session and then made whole with one-time money. In the Executive Director's Office the reduction is \$1.8 million in General Fund, most in the form of reductions in travel, data processing equipment, current expense, employee bonuses and not filling vacancies. She pointed out that the \$1 million reduction in Drug Courts eliminated the General Fund from this budget, leaving \$1.6 million from the Tobacco Settlement Account. Substance Abuse and Mental Health have been merged. Two major deductions in this Division were the elimination of the FACT program and the closing of 56 beds at the State Hospital.

Ms. Arnold-Williams said that in the Division of Services for People with Disabilities the major reduction has been in Waiver Services, which impacts the number of people who could have been taken off the waiting list. The reductions in the Office of Recovery Services were primarily in staff reductions. In Child and Family Services the major reduction is a reduction of 36 staff, 27 the result of the loss of FACT funding. The total reductions for FY 2002 and FY 2003 for the Department are \$17,337,200 from General Fund, \$2,900,00 from one-time funds and \$9,988,967 from federal funds.

The pink sheet in the packet is a Budget Bulletin on Human Services from the Governor's Office of Planning and Budget. Mrs. Arnold-Williams explained this sheet shows the comparisons of the Governor's FY 2004 requests with the Fiscal Analyst's recommended budget. It shows recommended reductions and ongoing budget adjustments. She highlighted some of the impacts of these suggested reductions. In mental health this reduction will result in a reduction of the autism program. There is a reduction of over \$1 million in local mental health programs, which means nearly 1,768 less people can be served. Substance abuse also has a proposed reduction of over \$300,000. She pointed out with both of these reductions, in mental health and substance abuse, the Department will fall below the federal maintenance of effort level. The federal guidelines require a certain level of state funding that must be maintained to maintain current federal grant levels. These cuts will bring the Department below these levels. States can request a waiver based on high unemployment and lowering of state revenues, for which Utah would undoubtedly be eligible. There is a process of making a requests to the Secretary of Health and Human Services. Without the request being granted, we will lose \$1 from federal block grants for every \$1 we fall below the maintenance level. She pointed out the Governor has not recommended any reductions in Child and Family Services. She mentioned the cuts in Aging and Adult Services will be extremely serious due to the population growth in this area. She pointed out that increases in state employee benefit costs and costs for the extra day in FY 2004 will require nearly \$2 million for this large Department. If not funded by Executive Appropriations, then more deductions will have to be taken to make this up.

Ms. Arnold-Williams proposed building blocks of benefit rate adjustments, operating costs for opening the Rampton II wing at the State Hospital, replacement of lost Medicare revenue to the State Hospital, funding for court ordered competency evaluations, emergency services, portability and the waiting list in the Division of Services for People with Disabilities. She indicated that federal human services funding has not yet been fully established so it is unsure what federal funding will be.

Analyst Thor Nilsen explained the analyst's recommendations do not include any building blocks. However, there are some situations where it is felt consideration should be made. He clarified that in a couple of places in the Budget Analysis FY 2004 book, it might say, "the Analyst would recommend if funds were available." He stated that in other places it might not say this and that is an error. It does not mean that one is more important than the other.

Mark Ward, Deputy Director, Division of Human Services, explained the proposed reallocation of General Funds. He explained that since you can't match Federal Medicaid Funds with Federal Social Services Block Grants, the Department is proposing to transfer General Fund and Social Services Block Grants within the Department to increase the capacity of the Division of Services for People with Disabilities to match Medicaid funds. The Department is proposing the transfer of \$3.3 million of Social Services Block Grant to other Divisions within the Department and requesting the Legislature to transfer appropriations of \$3.3 million of General Funds from other Division within the Department and to transfer \$190,000 of the General Fund to the Office of Public Guardian.

Mr. Ward discussed fee proposals, on the green sheets in the handout. The original proposal is the one submitted last session. He pointed out that fee revenues go to the General Fund. The Department is proposing that fee increases offset FY 2004 reductions that are scheduled in the base budget. He stated the fees in the column labeled "Old Rate" are those that were established in 1987. Some programs have been added in the early nineties. The proposed rates in the "New Rate" column are in line with those found in the western states region for these types of services. This would generate an additional \$67,667. There is also a alternative proposal that would generate \$76,000. The difference between the proposals is the alternative proposal would change the base rate charged to

different providers based on the category of the number of clients served. He stated the Department is comfortable with either proposal. Ms. Arnold-Williams stated she had copies of what surrounding states are charging if anyone would like a copy.

Ms. Arnold-Williams discussed the boards and advisory councils within the Department of Human Services. This information is on the ivory sheet in the handout. The handout outlines the number of people in each board or council, the meeting frequency and reimbursement provisions. She outlined the duties of each board/council. She discussed the Trust Fund for People with Disabilities. This fund is established by statute and consists of any revenue from the sale or lease of property or water rights at the Developmental Center, as well as any voluntary contributions to that fund. By state law the Legislature must appropriate any funds to be spent from the fund and only interest earned can be appropriated. The Department is asking that \$200,000 be appropriated. She cautioned that this is one-time money and not for expansion of services. The Children's Trust Fund is also established in statute. The source of this fund is a \$3 surcharge on birth certificates. There are very strict restrictions what the money can be used for and has to be matched one for one when money is expended. Rep. Seitz asked if any master plan is in place for the development center and the unused acreage there. Ms. Arnold-Williams reported that the master plan calls for looking at maintenance, replacement and repairs. There is no current activity for trying to sell any of the land. Rep. Lockhart asked what the value would be. Bart Hopkin, Director of Administrative Services, reported that 5 acres were sold two years ago across the street for \$75,000 per acre. He anticipated that it would be worth more now.

Ms. Arnold-Williams gave an update on the David C. court case. This lawsuit has been going on for ten years. She said they went before the federal judge on 1-28-03. The judge was particularly concerned about the reductions that the Division of Child and Family Services have taken in regard to caseloads. The Office of Legislative Audit completed a workload study audit on this Division last fall. They looked at what caseload a worker can handle. The Division then took the current caseload and tried to determine about how much staff would be needed. That is how the Governor's request for 50 addition staff in the Division was derived. The court monitor has come up with 53, so this would be close if funds are appropriated. The judge did not order this to happen yet. She is letting it run its course to see what happens at the Legislature. The judge will make her decision on March 17, 2003. Ms. Arnold-Williams said it is her plea that the Governor's request be funded. If it is not funded, the judge will most likely issue an order to fund those positions.

Ms. Arnold-Williams mentioned that the Outcome Report for the Department of Human Services is contained in the Analyst's Budget Analysis for FY 2004. She said much time and effort goes into this report and encouraged the committee members to read it. This report is also available on the website.

Co-Chair Steele gave a reminder that on Monday the committee would hear public testimony on the Department of Human Services but that some time was left today if anyone cared to make comments. Helen Goddard, Director, Division of Aging and Adult Services distributed copies of the Division's annual report. Jack Tanner, Utah Behavioral Healthcare Network, stated he would be interested in having shown the fiscal impact of fee schedules on local mental health and substances abuse facilities and the impact on the number of clients served. Carman Sanone, Salt Lake County Aging Services, distributed a handout showing the cuts that were recommended in December. She said the cuts are going to be program vital. Win Nelson, Youth Services Salt Lake County, said he would like to make a point that the lawsuit is not about the judge telling a state where to spend money, but it is about protecting the children of the state, and we need to keep that in mind. He made a plea to focus on the needs of the children. He invited committee members to visit the Christmas Box House or other shelters and see how these dollars are spent. Gary Baker, Executive Director, Carson Counseling Center, stated he was concerned about the erosion of funding for domestic violence. He said this is always underfunded and needs to be addressed.

Rep. McGee thanked the committee for making the request for the report on the various boards and committees. She said she was surprised at the number of boards and the number of people involved. She said it is time to review this matter.

MOTION: Sen. Julander moved to approve the minutes of 1-27-03. The motion passed unanimously.

MOTION: Rep. Thompson moved to adjourn. The motion passed unanimously.

Co-Chair Steele adjourned the meeting at 3:21 p.m.

Minutes reported by Norda Shepard, Secretary

David H. Steele, Senate Co-Chair

Jack A. Seitz, House Co-Chair